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Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 AID-20 CIAE-00 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 FEA-02 INT-08 FPC-01 SCI-06 DRC-01 /171 W
---------- 058861
R 131810Z AUG 74
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 3017
INFO AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USDOC WASHDC

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DEPARTMENT PASS TREASURY AND FRB

E.O. 11652: N/A
TAGS: EFIN, UK
SUBJECT: UK TRADE AND CURRENT ACCOUNT IN JULY

BEGIN SUMMARY: IN JULY, THE TRADE DEFICIT WAS 478 MILLION POUNDS, SEASONALLY ADJUSTED, (345 MILLION POUNDS OF WHICH WAS DUE TO TRADE IN OIL), WITH EXPORTS OF 1,327 MILLION POUNDS (S.A., F.O.B) AND IMPORTS OF 1,805 MILLION POUNDS (S.A., F.O.B.) THE INVISIBLE ACCOUNT IS ESTIMATED TO HAVE BEEN IN SURPLUS BY 103 MILLION POUNDS, THUS PRODUCING A CURRENT ACCOUNT DEFICIT OF 375 MILLION POUNDS. END SUMMARY

1. IN JULY, THE UK HAD A VISIBLE TRADE DEFICIT OF 478 MILLION POUNDS (S.A., F.O.B., B/P BASIS), OF WHICH 345
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MILLION POUNDS WAS ACCOUNTED FOR BY THE DEFICIT IN TRADE

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ON PETROLEUM AND RELATED PRODUCTS AND 133 MILLION POUNDS IN OTHER GOODS. THIS COMPARES WITH A VISIBLE TRADE DEFICIT OF 477 MILLION POUNDS IN JUNE (REVISED FROM 468 MILLION POUNDS), MADE UP OF 322 MILLION POUNDS ON PETROLEUM AND 155 MILLION POUNDS (REVISED FROM 146 MILLION POUNDS) IN OTHER GOODS. THE INCREASE IN THE VISIBLE TRADE DEFICIT IN THE THREE MONTHS MAY THROUGH JULY PARTLY REFLECTED AN INCREASE IN THE LANDED PRICE OF CRUDE OIL TO 32 POUNDS PER TON FROM AN AVERAGE OF 29 POUNDS PER TON F.O.B. IN THE PREVIOUS THREE MONTHS. IN THE SECOND QUARTER (THER LATEST PERIOD FOR WHICH INFORMATION IS AVAILABLE) IMPORT PRICES INCREASED BY 13 PERCENT AND EXPORT PRICES BY 10 PERCENT COMPARED WITH THE FIRST QUARTER. EXCLUDING FUELS, THE ITEMS OF TRADE IMPROVED SLIGHTLY. BETWEEN THE SAME QUARTERS THE VOLUME OF EXPORTS ROSE BY 3 PERCENT WHILE THE VOLUME OF IMPORTS FELL BY 2 PERCENT.

2. THE VALUE OF UK EXPORTS IN JULY WAS 1,327 MILLION POUNDS (S.A., F.O.B., B/P BASIS) COMPARED TO 1,325 MILLION POUNDS (REVISED) IN JUNE AND 1,266 MILLION POUNDS (REVISED) IN MAY. IN THE THREE MONTHS MAY TO JULY EXPORTS AVERAGED 1,306 MILLION POUNDS A MONTH, 9 PERCENT HIGHER THAN IN THE PREVIOUS THREE MONTHS. EXPORTS TO WESTERN EUROPE INCREASED BY 6 PERCENT (WITH DELIVERIES TO THE EEC 11 PERCENT HIGHER); TO THE STERLING AREA OUTSIDE EUROPE BY 16 PERCENT; TO NORTH AMERICA BY 8 PERCENT AND TO THE REST OF THE WORLD BY 9 PERCENT WHEN THE THREE MONTH PERIODS ARE COMPARED.

3. THE VALUE OF UK IMPORTS IN JULY WAS 1,805 MILLION POUNDS (S.A., F.O.B., B/P BASIS) COMPARED TO 1,802 MILLION POUNDS (REVISED) IN JUNE AND 1,745 MILLION POUNDS (REVISED) IN MAY. IN THE THREE MONTHS ENDING JULY, IMPORTS AVERAGED 1,784 MILLION POUNDS, 8 PERCENT HIGHER THAN IN THE PRECEDING THREE MONTHS. IMPORTS OF OIL ROSE BY 18 PERCENT BETWEEN THESE PERIODS WHILE IMPORTS OF GOODS OTHER THAN OIL INCREASED BY 6 PERCENT. IMPORTS FROM WESTERN EUROPE INCREASED BY 7 PERCENT (WITH THE EC 12 PERCENT HIGHER); FROM NORTH AMERICA BY 11 PERCENT; FROM THE STERLING AREA OUTSIDE EUROPE BY 3 PERCENT, AND THE REST OF

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THE WORLD BY 11 PERCENT BETWEEN THESE TWO PERIODS.

4. THE SURPLUS ON INVISIBLES IN JULY WAS ESTIMATED AT 103 MILLION POUNDS WITH A CURRENT ACCOUNT DEFICIT OF 375 MILLION POUNDS, COMPARED WITH 374 MILLION POUNDS (REVISED) IN JUNE AND 376 MILLION POUNDS (REVISED) IN MAY.

5. THE TOTALS FOR THE FIRST SEVEN MONTHS OF 1974 ON THE

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VISIBLE TRADE ACCOUNT COMPARED TO 1973 WERE:

	EXPORTS	IMPORTS	BALANCE
1973	6,426	7,343	-917
1974	8,541	11,688	-3,147

NOTE: FIGURES HAVE BEEN REVISED, ALL FIGURES ARE F.O.B., S.A., B/P BASIS IN MILLIONS OF POUNDS.
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Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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